



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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August 30, 2001

CERTIFIED RETURN RECEIPT  
7000 0520 0021 7582 9439

Chris McCourt  
Mine Engineer  
SF Phosphates Limited Company  
9401 North Hwy., 191  
Vernal, Utah 84078-7802

Re: Approval of 3-Year Bond Escalation Period, SF Phosphates Ltd. Company, Vernal Phosphate Mine, M/047/007, Uintah County, Utah

Dear Mr. McCourt:

Thank you for your July 23, 2001 letter, which was provided to the Division to justify your company's request for a 3-year bond escalation period versus the standard 5-year escalation rate. We have evaluated your justification, which is principally tied to the routine, concurrent reclamation practices that SF Phosphate has successfully implemented for many years now.

Following consultation with and concurrence from Division management, we hereby approve of your request to reduce the standard 5-year escalation to a 3-year escalation rate. Therefore, the revised reclamation surety amount that must be provided to the Division is \$2,336,000 in year 2004 dollars. Please refer to the attached 3-year escalated bond estimate. Please provide this updated surety amount and an updated Reclamation Contract within 45 days of your receipt of this letter.

Thank you for your help and patience in finalizing this permitting action. Please call me at (801) 538-5286, or Doug Jensen at 538-5382, if you have any questions in this regard.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb

Enclosures: 3-yr escalated bond estimate and Form MR-RC

cc: Doug Jensen - OGM, w/Encl

M047-07.bnd

## RECLAMATION SURETY ESTIMATE

S.F. Phosphates Ltd. Company

N /007

Vernal Phosphate Operations

Utah County, Utah

Prepared by Utah Division of Oil, Gas &amp; Mining (AAG)

filename m47-7may01.wb3

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**BONDING SUMMARY**

	<b>ACRE</b>	<b>\$</b>	<b>\$/acre</b>
Panel B	313.9	637,303	2,030
Panel C	147.8	29,827	202
Landfill -NEW LINE ITEM VERIFY TASKS	7.5	21,280	2,837
Future Mining	210.0	426,358	2,030
SAG Mill & Shop	21.2	36,243	1,710
Plant Facilities	24.0	23,211	967
Unpaved Roads	42.0	61,303	1,460
Paved Roads	13.1	24,155	1,844
Tailings Pond - Miscellaneous Areas	60.9	105,378	1,730
Tailings Pond - Impounded Material	317.0	152,205	480
Pipeline	2.5	3,283	1,313
Demolition (Contractor's Bid)		407,500	
	<b>SUBTOTAL</b>	<b>1,928,047</b>	
Mobilization - 7 pieces of equip		7,000	
	<b>SUBTOTAL</b>	<b>1,935,047</b>	
ADD 10% Contingency		193,505	
	<b>SUBTOTAL</b>	<b>2,128,552</b>	
ADD site monitoring - 3 years		15,000	
	<b>SUBTOTAL</b>	<b>2,143,552</b>	
ESCALATION FOR 3 YEARS @ 3.13%/YR		207,645	
<b>TOTAL IN 2004-\$</b>		<b>\$2,336,197</b>	
<b>ROUNDED TOTAL IN 2004-\$</b>		<b>\$2,336,000</b>	<b>DRAFT</b>

TOTAL AREA BONDED =

1,159.9 ACRES

AVG. COST/ACRE = \$2,014

ESCALATION FOR 5 YEARS @ 3.13%/YR

357,134

TOTAL IN 2006-\$

\$2,500,685

**ROUNDED TOTAL IN 2006-\$****\$2,501,000**

DIFFERENCE =

\$165,000

TOTAL AREA BONDED =

1,159.9 ACRES

AVG. COST/ACRE = \$2,156

**RECLAMATION SURETY ESTIMATE**

S.F. Phosphates Ltd. Company /007  
 Vernal Phosphate Operations Uintah County, Utah  
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**Estimate Details**

-This estimate is based on information from the SF Estimate of April 2001  
 -Information supporting unit costs is on a separate spreadsheet page.

**MINING PANEL DISTURBANCE**

	313.9 acres	days; acres	\$/HR; \$/acre	\$
project manager		157.0	49.63	62,309
contouring D9N, 100 ft, 1.5 ft depth	2 acre/day	157.0	219.19	275,215
topsoil spreading 637E P-P, 6 inch depth	3.9 acre/day	80.5	373.77	240,670
seeding & fertilizing - D4H	29.4 acre/day	10.7	104.65	8,939
seed mix - drill seed	acre>	314	121.83	38,242
fertilizer	acre>	314	38.00	11,928
Total				637,303

\$2,030 per acre

**PARTIALLY RECLAIMED MINING DISTURBANCE**

-This "partially reclaimed" section is for mine disturbances which have been regraded & topsoil replaced, but not yet seeded.

	147.8 acres	days; acres	\$/HR; \$/acre	\$
project manager		5.0	49.63	1,996
contouring D9N, 100 ft, 1.5 ft depth	2 acre/day	73.9	219.19	0
topsoil spreading 637E P-P, 6 inch depth	3.9 acre/day	37.9	373.77	0
seeding & fertilizing - D4H	29.4 acre/day	5.0	104.65	4,209
seed mix - drill seed	acre>	148	121.83	18,006
fertilizer	acre>	148	38.00	5,616
Total				29,827

\$202 per acre

**LANDFILL - VERIFY TASKS**

-Ultimate closure of this Class IIIB landfill must satisfy Div. of Solid & Hazardous Waste.

-Final closure requires a 2-foot cover of borrow material graded to match the surrounding topography.

	7.5 acres	days; acres	\$/HR; \$/acre	\$
project manager		3.8	49.63	1,489
contouring D9N, 100 ft, 1.5 ft depth	2 acre/day	3.8	219.19	6,576
topsoil spreading 637E P-P, 1 ft depth	1.9 acre/day	3.9	373.77	11,803
seeding & fertilizing - D4H	29.4 acre/day	0.3	104.65	214
seed mix - drill seed	acre>	8	121.83	914
fertilizer	acre>	8	38.00	285
Total				21,280

\$2,837 per acre

**RECLAMATION SURETY ESTIMATE**

S.F. Phosphates Ltd. Company

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Vernal Phosphate Operations

Uintah County, Utah

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**FUTURE MINING**

-A projected disturbance for 3 years of future mining @ 70 acres/year.

-The specific 70-acre areas are not identified on a map.

	210 acres	days; acres	\$/HR; \$/acre	\$
project manager		105.0	49.63	41,685
contouring D9N, 100 ft, 1.5 ft depth	2 acre/day	105.0	219.19	184,120
topsoil spreading 637E P-P, 6 inch depth	3.9 acre/day	53.8	373.77	161,009
seeding & fertilizing - D4H	29.4 acre/day	7.1	104.65	5,980
seed mix - drill seed	acre>	210	121.83	25,584
fertilizer	acre>	210	38.00	7,980
Total				426,358
	\$2,030 per acre			

**SAG MILL & SHOP**

-SAG Mill (15 acres) &amp; Mine Shop (6.2 acres)

	21.2 acres	days; acres	\$/HR; \$/acre	\$
project manager		5.4	49.63	2,158
ripping - D9N, 0.4 mph	3.15 acre/day	6.7	257.00	13,839
topsoil spreading 637E P-P, 6 inch depth	3.9 acre/day	5.4	373.77	16,254
seeding & fertilizing - D4H	29.4 acre/day	0.7	104.65	604
seed mix - drill seed	acre>	21	121.83	2,583
fertilizer	acre>	21	38.00	806
Total				36,243
	\$1,710 per acre			

**MAIN OFFICE & MILL - PLANT FACILITIES AREA**

-Earthwork &amp; revegetation tasks for the Main Office &amp; Mill area after structure demolition.

-Demolition of facilities is described on a separate spreadsheet page.

-Original 1984 reclamation estimate did not include topsoil tasks at these facilities.

	24 acres	days; acres	\$/HR; \$/acre	\$
project manager		7.6	49.63	3,025
ripping - D9N, 0.4 mph	3.15 acre/day	7.6	257.00	15,667
topsoil spreading 637E P-P, 6 inch depth	3.9 acre/day	0.0	373.77	0
seeding & fertilizing - D4H	29.4 acre/day	0.8	104.65	683
seed mix - drill seed	acre>	24	121.83	2,924
fertilizer	acre>	24	38.00	912
Total				23,211
	\$967 per acre			

**UNPAVED ROADS**

-These roads are identified on the map labelled Figure 4 in the April 2001 submission.

-Original 1984 reclamation estimate did not include topsoil tasks for roads.

	42 acres	days; acres	\$/HR; \$/acre	\$
project manager		21.0	49.63	8,337
contouring D9N, 100 ft, 1.5 ft depth	2 acre/day	21.0	257.00	43,176
topsoil spreading 637E P-P, 6 inch depth	3.9 0	0.0	373.77	0
seeding & fertilizing - DH4	29.4 acre	1.4	104.65	3,077
seed mix - drill seed	acre>	42	121.83	5,117
fertilizer	acre>	42	38.00	1,596
Total				61,303
	\$1,460 per acre			

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7/007

Utah County, Utah

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**PAVED ROADS**

-These roads are identified on the map labelled Figure 4 in the April 2001 submission.  
 -Original 1984 reclamation estimate did not include topsoil tasks for roads.

	13.1 acres	days; acres	\$/HR; \$/acre	\$
project manager		4.2	49.63	1,651
contouring D9N, 100 ft, 1.5 ft depth	2 acre/day	6.6	219.19	11,486
ripping - D9N, 0.4 mph	3.15 acre/day	4.2	257.00	8,551
topsoil spreading 637E P-P, 6 inch depth	3.9 acre/day	0.0	373.77	0
seeding & fertilizing - DH4	29.4 acre/day	0.4	104.65	373
seed mix - drill seed	acre>	13	121.83	1,596
fertilizer	acre>	13	38.00	498
Total				24,155
	\$1,844 per acre			

**TAILINGS POND - MISCELLANEOUS AREAS**

-Miscellaneous areas associated with the tailings as described in Figure 6 in the April 2001 submission.

	60.9 acres	days; acres	\$/HR; \$/acre	\$
project manager		19.3	48.25	7,464
ripping - D9N, 0.4 mph	3.15 acre/day	19.3	257.00	39,754
topsoil spreading 637E P-P, 6 inch depth	3.9 acre/day	15.6	373.77	46,692
seeding & fertilizing - DH4	29.4 acre/day	2.1	104.65	1,734
seed mix - drill seed	acre>	61	121.83	7,419
fertilizer	acre>	61	38.00	2,314
Total				105,378
	\$1,730 per acre			

**TAILINGS POND - IMPOUNDED MATERIAL**

-This acreage represents the maximum tailings area within 5 years, i.e. by 2006.

	317 acres	days; acres	\$/HR; \$/acre	\$
project manager		10.8	48.25	4,162
aerial seed application	15 \$/acre	317.0	15.00	4,755
initial seed mix - nurse crop	23.40 \$/acre	317.0	23.40	7,418
initial fertilizer	38 \$/acre	0.0	0.00	12,046
regrading D8N - 10(100'dia x10') -DOGM	9,691 cy	0.0	0.68	6,590
discing nurse crop - DH4	29.4 acre/day	10.8	104.65	9,027
applying seed & fertilizer - DH4	29.4 acre/day	10.8	104.65	9,027
mulch application - DH4 w/attachment	34.9 acre/day	9.1	107.17	7,787
discing mulch in - DH4	29.4 acre/day	10.8	104.65	9,027
seed mix - drill seed	acre>	317	121.83	38,620
fertilizer	acre>	317	38.00	12,046
mulch @ 1 ton/acre - alfalfa	acre>	317	100.00	31,700
Total				152,205
	\$480 per acre			

**PIPELINE**

-Maximum area re-disturbed due to decommissioning or repair of the pipeline at final reclamation.

	2.5 acres	days; acres	\$/HR; \$/acre	\$
project manager		1.3	48.25	483
contouring D9N, 100 ft, 1.5 ft depth	2 acre/day	1.3	219.19	2,192
seeding & fertilizing - DH4	10 acre/day	0.3	104.65	209
seedmix - drill seed	acre>	2.5	121.83	305
fertilizer	acre>	2.5	38.00	95
Total				3,283
	\$1,313 per acre			